

Message Text

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21

ORIGIN TRSE-00

INFO OCT-01 EA-06 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 DODE-00

PM-03 H-02 L-02 PA-01 PRS-01 USIA-06 /083 R

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FM SECSTATE WASHDC

TO AMCONSUL HONG KONG

INFO AMEMBASSY MANILA

C O N F I D E N T I A L STATE 088345

E.O. 11652:GDS

TAGS: EFIN,HK

SUBJECT: PROPOSED LOAN TO HONG KONG

MANILA FOR USADB

REFS: (A) HONG KONG 3691; (B) HONG KONG 3029; (C) TREASURY

75-28; (D) HONG KONG 4019

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FOR TREASURY REPRESENTATIVE GORDON

1. REFTTEL A PARAGRAPH 2 IMPLIES THAT BECAUSE THE INTEREST RATE WOULD BE HIGHER AND THAT THE LOAN WOULD BE SOCIAL IN CHARACTER, THE PROPOSED ADB LOAN TO HONG KONG WOULD BE ACCEPTABLE TO THE U.S. AND CITES U.S./HONG KONG DISCUSSION AT 1974 ADB ANNUAL MEETING. WE HAVE REVIEWED MEMCON OF APRIL 26 MEETING BETWEEN HADDON-CAVE AND THEN TREASURY ASSISTANT SECRETARY HENNESSY AND OTHERS WHICH RECORDED U.S. NEGATIVE POSITION ON LENDING TO HONG KONG ON HIGH PER CAPITA INCOME AND FINANCIAL GROUNDS.

2. REFTTEL B PARAGRAPH 2(A) CONCERNING U.S. SUPPORT FOR A SPECIAL LENDING RATE IMPLIES THAT BECAUSE THE U.S. ENDORSED THE SPECIAL LENDING RATE, WE WOULD NOT OPPOSE LOANS TO HIGHER INCOME COUNTRIES, INCLUDING HONG KONG PROVIDED LOANS

WERE MADE AT 9.5 PERCENT. U.S. SUPPORT FOR THE SPLIT LENDING RATE WHICH, ACCORDING TO ADB, WOULD BE FOR COUNTRIES IN EXCESS OF DOLS. 850 PER CAPITA INCOME, MEANS THAT WE BELIEVE ANY LOANS TO SUCH COUNTRIES WOULD BE MADE AT THE HIGHER RATE, TOTAL LENDING TO THEM SHOULD BE LIMITED AND LOAN PROPOSALS WOULD BE REVIEWED ON CASE-BY-CASE BASIS. FYI SECRETARY SIMON EMPHASIZED THIS POINT IN HIS LETTER CABLED TO PRESIDENT INOUE DECEMBER 16 IN WHICH HE SPECIFICALLY SINGLED OUT HONG KONG AND SINGAPORE AS COUNTRIES WHICH HAVE ALTERNATIVE SOURCES OF FINANCING. END FYI

3. IN VIEW OF YOUR REPORTS ON POSITION HONG KONG OFFICIALS U.S. DELEGATION TO ADB MEETING WILL BE PREPARED TO DISCUSS THIS MATTER WITH THEM AND ADB MANAGEMENT. KISSINGER

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